

Memorandum

To: Panel Members Date: February 27, 2003

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: N. Weingart

Subject: One-Step Agreement for **Wilbur Curtis Company, Inc.**
(www.wilburcurtis.com)

CONTRACTOR:

- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Moving to a High Performance Workplace
Developed Jointly by Management and Workers
Promoting California's Manufacturing Workforce
- Type of Industry: Manufacturing Beverage Equipment
- Repeat Contractor: Yes
- Contractor's Full Time Employees:
 - Company Wide: 313
 - In California: 305
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: Teamsters Local 986, Miscellaneous Warehousemen Drivers and Helpers (production workers)

CONTRACT:

- Program Costs: \$350,363
- Substantial Contribution: \$0
- Total ETP Funding: \$350,363
- In-Kind Contribution: \$923,010
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Amada America, Inc., Buena Park, California (machine skills training).
MP Engineering, Orange County, California (machine skills training).
Yolanda Munoz, Montebello, California (VESL training).

THIRD PARTY SERVICES:

The applicant states consultant services have not and will not be used other than those specified in the Subcontractor Section.

PRIOR PROJECTS:

The Contractor had one previous ETP Agreement. The following are completed project statistics:

| Agreement No. | Location (City) | Term | Agreement Amount | Amount Earned | % Earned |
|---------------|-----------------|---------------------|------------------|---------------|----------|
| ET8-0562 | Los Angeles | 10/13/97 - 10/12/99 | \$87,525 | \$73,339 | 84% |

NARRATIVE:

Wilbur Curtis Company, Inc. is eligible to provide ETP training under Title 22, California Code of Regulations, Section 4416(b) as a company engaged in manufacturing that meets the out-of-state competition requirements for purposes of Panel funding. The Contractor also meets ETP's funding priorities to develop workers with skills that prepare them for the challenges of a high performance workplace of the future, that are jointly developed by business management and worker representatives, and that promote the retention and expansion of the state's manufacturing workforce.

Wilbur Curtis makes commercial coffee brewing equipment, tea brewers and servers, specialty drink dispensers and instant soup machines for the convenience store and foodservice industries. Founded in 1941, it continues to be a family-owned business. The company recently consolidated six manufacturing plants into a single, 250,000 square foot, state-of-the-art facility in Montebello for its 305 California workers. Customers include Sara Lee Coffee & Tea, Draft Foods, Nestle, Target, Exxon/Mobile, Equiva, Boyds Coffee, Royal Cup Coffee, S&D Coffee, Cavina Coffee Roasters, Apfels Coffee Roasters, Lingle Brothers Coffee, Peet's Coffee, and Newhall Roasting Company. Company sales for fiscal year 2001 were \$41,000,000.

Wilbur Curtis' primary focus is maintaining a highly skilled and knowledgeable workforce to provide the best possible product to meet customer demand. To achieve this, the company secured its International Standards Organization (ISO) 9001 certification and initiated its first ETP contract in 1997 to begin the transition to a high performance workplace environment. Training was effective in helping the company increase profitability and to grow. However, the company has not remained static and continues to make improvements that necessitate the present ETP training program.

Wilbur Curtis outgrew its nine-year-old Manufacturing Resource Program (MRP) software and has recently purchased the J.D. Edwards World One software system at a cost exceeding \$343,000. New hardware (servers, switches, tape backup system, and additional storage space) was added to support the new platform and increase productivity and speed. This system affects every department and internal operation. The company has also purchased a new Laser CNC machine, CNC Welder, Metalsoft Programming, new Power Brakes, a new Shear Machine, a robotic loader, and upgraded tools and processes on the assembly line to improve production. These changes all require a substantial amount of

NARRATIVE: (continued)

staff training for proper and effective utilization. In addition to new equipment, machinery, and software, Wilbur Curtis must reinforce its continuous improvement efforts in several areas, especially for newer staff who did not take part in the prior Agreement. Therefore, the proposed ETP program will provide training in Computer Skills, Management Skills, Business Skills, Manufacturing Skills, and Vocational English as a Second Language (VESL) to frontline workers and management staff.

Computer Skills courses will include the J.D. Edwards Implementation (Enterprise Resource Planning or ERP), Intermediate Excel, Microsoft Word, Outlook (e-mail), Internet, Scanning, Bill of Material, and Keyboarding Skills. The new ERP system (affecting the daily activities of all staff) and other computer skills will help increase productivity and quality throughout the company.

Continuous Improvement training will include People and Project Management, Communications, Conducting Effective Team Meetings, and Benchmarking. This training will be provided primarily to Managers, Supervisors, Leads and Coaching staff in all departments to better lead and mentor team members.

Business Skills classes will be New Accounting & Finance Procedures, Customer Service, Telephone Communications, and specialized skills such as Purchasing and Inventory Management, Activity-Based Costing, and Updated Product Knowledge. These courses will be provided primarily to Finance, Accounting, Customer Service and Administrative staff to deal more effectively with internal and external customers.

Manufacturing Skills will include training on the Power Brake/ETS2000 Computer Numerically-Controlled (CNC) Gauging System, CNC Turret, CNC Laser/Punch Press AP100, Assembly and Metal Fabrication Welding, Quality Improvement, and Shop Math. Production workers will be able to increase product quality and reduce defects and customer returns to create greater customer satisfaction.

Vocational English as a Second Language (VESL) will be offered to production workers who lack verbal and written English skills. Training will provide an understanding of general company and manufacturing control forms, facilitate reading reports and work instructions, and understanding workplace terminology. Better language skills will allow workers to participate more fully in team activities and render them better able to perform their job duties, which will lead to more opportunities for advancement within the company.

The Contractor will administer the Agreement.

Supplemental Nature of Training

Wilbur Curtis gives new employee orientation classes, which provide an overview of basic company policies. Forklift certification and safety procedures are trained as needed. Recently, basic lab training was provided on some of the new equipment. The majority of training takes place on-the-job; classroom training rarely occurs.

The prior ETP Agreement, which ended in 1999, included Management Skills, Office Automation, Teambuilding Skills, Production Skills, and VESL. While some of the same types of training and topics are being offered in the current proposal, the content and/or the participating trainee group is completely new.

NARRATIVE: (continued)

Management Skills classes have been redefined to include supervisors and leads, and relate more to company-specific internal operations. Office Automation includes the new J.D. Edwards software and a new e-mail system, while other courses will be given at more advanced levels of instruction. Production Skills will provide training on new equipment and machinery; other classes have updated material, and some employees may be cross-trained. Finally, VESL will be given to many new team members who have been employed since the first Agreement and have never received training in language skills or any of the other material.

ETP funding will allow the company to provide more subjects and more hours of training than it would be able to do otherwise. Without the funding, the company would be forced to scale back the program, and only provide the absolute basics. Wilbur Curtis would not have the resources to train on this scale without the funding provided by ETP.

Wilbur Curtis has an ongoing commitment to provide training after the ETP program has ended. Continuous Improvement measures and Computer Skills will continue company-wide, as well as Manufacturing Skills for production workers. Since the business continues to grow, new employees will be added and trained in many facets of the ETP program at the company's expense.

In-Kind Contribution

The company's in-kind contribution to this program is approximately \$923,010, which consists of \$506,217 in trainee wages and benefits while in training; and \$416,793 for training-related costs not covered by ETP funds for development fees, internal and external instructors, training materials and manuals, and administrative costs. The in-kind contribution includes the cost of training for approximately half of the VESL program. Wilbur Curtis will also assume the cost of training for non-ETP eligible personnel.

COMMENTS:

No executive level staff who set company policy have been included in the Agreement.

Participants in this project meet the Panel definition of frontline worker under Title 22, California Code of Regulations, Section 4400(ee) except for 21 Managers.

The Contractor has stated that there is no continuing education clause in the collective bargaining agreement.

PROPOSED ACTION:

Staff recommends that the Panel approve the One-Step Agreement, if funding is available and the project meets the Panel priorities. This recommendation is based on Wilbur Curtis' stated need to provide its employees with skills to continue building a high performance workplace and continue to improve the quality of its operations and products. This, in turn, will enhance the company's ability to remain competitive, to grow, and to ensure customer satisfaction to remain viable in the California economy.

TRAINING PLAN:

| Grp/ Trainee Type | Types of Training | No. Retain | No. Class/Lab Videocnf. Hrs | No. CBT Hrs | No. SOST Hrs. | Cost per Trainee | Hourly Wage after 90 days |
|--|---|---------------|--------------------------------------|-------------------|--|---|---------------------------------|
| Retrainees Job Numbers 1 - 7 | Computer Skills Continuous Improvement Business Skills Manufacturing Skills Literacy Skills | 262 | 48-200 | 0 | 0 | \$624 - \$2,600 | *\$11.92 - \$46.15 |
| | | | | | | <u>Range of Hourly Wages</u> *\$11.92 - \$46.15 | |
| | | | | | | <u>Prevalent Hourly Wage</u> \$16.38 | |
| | | | | | | <u>Average Cost per Trainee</u> \$1,337 | |
| <u>*Health Benefit used to meet ETP minimum wage:</u> Health and dental benefits of \$2.08 per hour or more will be applied to the base wage in order to meet the ETP minimum hourly wage of \$11.92 for Los Angeles County. | | | | | <u>Turnover Rate</u> 14% | <u>% of Mgrs to be trained:</u> 8% | |

Class/Lab Hours
48 - 200

Trainees may receive any of the following:

Computer Skills

J.D. Edwards Software Implementation

- JD Edwards Enterprise Suite
 - General Ledger
 - Accounts Payable
 - Accounts Receivable
 - Inventory
 - Enterprise Report Writer
- Procurement
- Sales Order Processing
- Product Data Management
- Manufacturing
- Requirements Planning
 - Distribution Resource Planning
 - Material Resource Planning
 - Forecasting
- Advanced Pricing
- Logistics Management
 - Transportation
 - Advanced Warehousing
- Service & Warranty Management
- Customer Relationship Management (CRM) Tool Set
- Customer Relationship Management
 - Sales Force Automation
 - Call Center Manager
- Customer Self-Service
- Quality
- Solution Modeler
- Enterprise Asset Management
- Object Management Workbench
- Microsoft Sequel

Intermediate Excel

- Formulas and Formats
- Charts and Graphs
- Filters / Subtotals / Pivot Tables

Computer Skills (continued)

Microsoft Word

- Word Basics
- Automatic Formatting
- Editing and Formatting
- Templates

Outlook Training (E-Mail)

- The Toolbar
- Using the Address Book
- Sending & Accepting Appointments, Meetings & Tasks
- Managing Your Documents

Other Office Skills

- Intranet/Web Use
- File Control Training (Paperless Scanning)
- Bill of Materials
- Keyboarding Skills

Continuous Improvement

Management Skills

- Managing Multiple Projects & Priorities
- Identifying Individual Communication Styles
- Effectively Communicating with all Levels of Personnel
- Mentoring Employees for Advancement
- Relaying Assignments & Expectations – Follow Through and Direction

Conducting Effective Team Meetings

- Effective Meeting Communications
- Setting the Agenda / Sample Agendas
- Setting Clear Expectations
- Preparation & Follow-Up

Benchmarking

- Understanding the Theory of Benchmarking
- How to use Benchmarking Information

Business Skills

New Accounting & Finance Procedures

- Accounts Payable
- Accounts Receivable
- Cost Accounting
- Financial Statements (Balance Sheet / Profit & Loss)
- General Ledger
- Activity-Based Costing

Customer Service

- The Art of Listening
- Open, Closed, and Probing Questions
- Determining the True Problem
- Presenting Alternative Solutions
- Gaining Agreement on the Situation
- Communicating with Diplomacy
- Dealing with the Disgruntled Customer

Telephone Communications

- Telephone Etiquette
- Dealing with Holds and Transfers
- Your Voice
- Positive Word Choice

Specialized Business Skills

- American Production & Inventory Control Society (APICS) Certification in Purchasing & Inventory Management (CPIM)
- Activity-Based Costing
- New and Updated Product Knowledge

Manufacturing Skills

Power Brake/ETS2000 Computer Numerically-Controlled (CNC) Gauging System

- Set Up
- Maintenance
- How to Calibrate
- How to Operate & Control
- How to Enter and Store a Job
- How to Enter Angles of Degree
- How to Edit a Program
- Troubleshooting

Other Machine and Production Skills

- CNC Turret Operation
- CNC Laser / Punch Press AP100 Operation
- Spot Welding in Final Assembly
- Heliarc Welding for Metal Fabrication
- Preventive Machine Maintenance

Production Continuous Quality Improvement

- International Standards Operations (ISO) 9001 Overview (8 hours maximum)
- Preventive Maintenance / Corrective Action/Problem Solving
- Define Customer Specifications
- Manufacturing Standards/Using Work Instructions
- Internal Quality Audits
- Metrology / Blue Print Reading
- Wire Harness Electrical Assembly
- Statistical Process Control

Shop Math Calculations

- Use of Calculators
- Fractions
- Linear Measurement
- Angles

Literacy Skills

Vocational English as a Second Language (VESL)

Listening/Understanding:

- Questions
- Active Listening Techniques
- Understanding Verbal Instructions and Responding Back

Reading:

- Understanding Directions and Signs
- Understanding Work Instructions and Reports
- Understanding Forms and Documentation for Job Completion

Writing:

- Filling out Forms Needed for Job Completion
- Describing Condition of Products Rejected

Speaking:

- Requests for Clarification, Directions
- Calling Supervisors
- Explaining Needs for Job Completion
- Asking for Feedback on Work Performance
- Describing Tools, Parts and Products

Employee Responsibilities:

- Time and Schedule
- Work Procedures

Work-Related Communication:

- Making or Responding to Conversation from Co-Workers
- Understanding What is Expected in the English Speaking Workplace